

BOYER VALLEY COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2008

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# Boyer Valley Community School District

## Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
<b>(Before September 2007 election)</b>		
Ken Dunham	President	2009
Pat Putnam	Vice President	2007
Steve Puck	Board Member	2007
Paul Klien	Board Member	2007
Doug Head	Board Member	2008
Dana Sturgill	Board Member	2008
Randy Mitchell	Board Member	2009
<b>Board of Education</b>		
<b>(After September 2007 election)</b>		
Steve Puck	President	2010
Paul Klien	Vice President	2010
Pat Putnam	Board Member	2010
Ken Dunham	Board Member	2009
Randy Mitchell	Board Member	2009
Doug Head	Board Member	2008
Dana Sturgill	Board Member	2008
<b>School Officials</b>		
Debra Johnson	Superintendent	2008
Sharon Lee	District Secretary/Treasurer	2008
Mundt, Franck & Schumacher	Attorney	2008

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(a professional corporation)  
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Boyer Valley Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boyer Valley Community School District, Dunlap, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boyer Valley Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 12, 2009 on our consideration of the Boyer Valley Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 36 through 37 are not required parts of the basic financial statements, but are supplementary

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information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Boyer Valley Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2007 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
NOLTE, CORNMAN & JOHNSON, P.C.

February 12, 2009

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Boyer Valley Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2008 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,408,220 in fiscal 2007 to \$4,679,751 in fiscal 2008, while General Fund expenditures increased from \$4,444,626 in fiscal 2007 to \$4,616,156 in fiscal 2008. This resulted in an increase in the District's General Fund balance from \$184,188 in fiscal 2007 to a balance of \$247,783 in fiscal 2008, a 34.53% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in state sources. The increase in expenditures was primarily due to an increase in negotiated salaries and benefits.
- The District's October 2007 enrollment declined compared to the previous year. The certified enrollment was 463.7, a decrease of 25.9 students.
- The District's solvency ratio (unreserved-undesignated fund balance/general fund revenues) is approximately 3.85%. The State School Budget Review Committee recommends a solvency ratio of 5% - 10%.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Boyer Valley Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Boyer Valley Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Boyer Valley Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

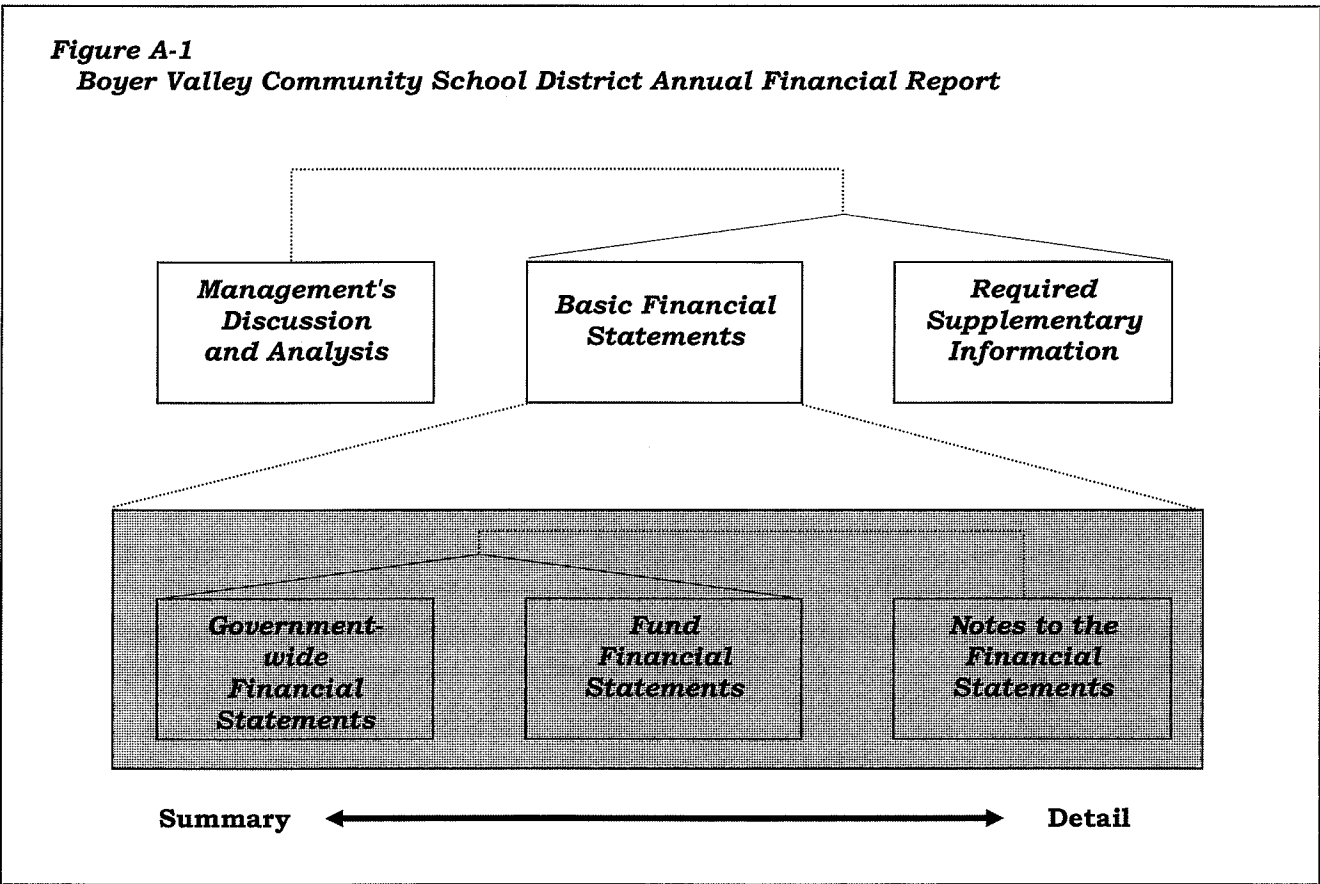


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2**

**Major Features of the Government-Wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.



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The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund and the Day Care Fund and one Internal Service Fund.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private-Purpose Trust Fund and Agency Fund.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3  
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Current and other assets	\$ 3,868,261	3,519,443	15,811	27,609	3,884,072	3,547,052	9.50%
Capital assets	7,177,556	7,246,851	63,673	71,783	7,241,229	7,318,634	-1.06%
Total assets	11,045,817	11,023,100	79,484	99,392	11,125,301	10,865,686	2.39%
Long-term obligations	4,760,806	5,118,256	0	0	4,760,806	5,118,256	-6.98%
Other liabilities	2,971,561	2,644,629	55,091	52,225	3,026,652	2,696,854	12.23%
Total liabilities	7,732,367	8,342,923	55,091	52,225	7,787,458	7,815,110	-0.35%
Net assets:							
Invested in capital assets, net of related debt	2,459,970	2,187,660	63,673	71,783	2,523,643	2,259,443	11.69%
Restricted	527,904	573,713	0	0	527,904	573,713	-7.98%
Unrestricted	325,576	242,036	(39,280)	(24,616)	286,296	217,420	31.68%
Total net assets	\$ 3,313,450	3,003,409	24,393	47,167	3,337,843	3,050,576	9.42%

The District's combined net assets increased by 9.42%, or \$287,267, over the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the invested in capital assets is liquidated with sources other than capital assets.

Restricted net assets represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased \$45,809, or 7.98% over the prior year. The decrease was primarily a result of the decrease in fund balance in the Capital Projects Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$68,876, or 31.68%.

Figure A-4 shows the changes in net assets for the year ended June 30, 2008 and June 30, 2007.

Figure A-4 Changes of Net Assets							
	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 363,513	444,720	243,976	229,182	607,489	673,902	-9.85%
Operating grants and contributions and restricted interest	859,552	726,259	118,910	138,864	978,462	865,123	13.10%
General revenues:							
Property tax	1,713,733	1,751,942	0	0	1,713,733	1,751,942	-2.18%
Income surtax	215,569	189,253	0	0	215,569	189,253	13.91%
Local option sales and services tax	281,298	289,237	0	0	281,298	289,237	-2.74%
Unrestricted state grants	2,092,424	2,003,559	0	0	2,092,424	2,003,559	4.44%
Unrestricted investment earnings	60,904	80,986	92	237	60,996	81,223	-24.90%
Other general revenue	92,123	16,851	0	0	92,123	16,851	446.69%
Transfers	0	(17,318)	0	2,525	0	(14,793)	100.00%
Total revenues, net transfers	5,679,116	5,485,489	362,978	370,808	6,042,094	5,856,297	3.17%
Program expenses:							
Governmental activities:							
Instructional	3,151,952	3,041,504	0	0	3,151,952	3,041,504	3.63%
Support services	1,530,663	1,562,347	0	0	1,530,663	1,562,347	-2.03%
Non-instructional programs	1,527	3,170	385,752	380,915	387,279	384,085	0.83%
Other expenses	684,933	555,236	0	0	684,933	555,236	23.36%
Total expenses	5,369,075	5,162,257	385,752	380,915	5,754,827	5,543,172	3.82%
Changes in net assets	310,041	323,232	(22,774)	(10,107)	287,267	313,125	8.26%
Beginning net assets	3,003,409	2,680,177	47,167	57,274	3,050,576	2,737,451	11.44%
Ending net assets	\$ 3,313,450	3,003,409	24,393	47,167	3,337,843	3,050,576	9.42%

In fiscal 2008, property tax, income surtax, local option sales and services tax and unrestricted state grants account for 75.77% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for nearly all of the revenue from business type activities.

The District's total revenues were approximately \$6.04 million of which \$5.68 million was for governmental activities and less than \$0.36 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.17% increase in revenues and a 3.82% increase in expenses. The increase in expenses related to increase in the negotiated salary and benefits, as well as increases in utilities and transportation costs.

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## Governmental Activities

Revenues, net transfers for governmental activities were \$5,679,116 and expenses were \$5,369,075.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5  
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-08	2008	2007	Change 2007-08
Instruction	\$ 3,151,952	3,041,504	3.63%	2,095,167	2,032,240	3.10%
Support services	1,530,663	1,562,347	-2.03%	1,527,761	1,558,399	-1.97%
Non-instructional programs	1,527	3,170	-51.83%	1,527	3,170	-51.83%
Other expenses	684,933	555,236	23.36%	521,555	397,469	31.22%
Totals	<u>\$ 5,369,075</u>	<u>5,162,257</u>	<u>4.01%</u>	<u>4,146,010</u>	<u>3,991,278</u>	<u>3.88%</u>

- The cost financed by users of the District's programs was \$363,513.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$859,552.
- The net cost of governmental activities was financed with \$1,713,733 in property tax, \$215,569 in income surtax, \$281,298 in local option sales and services tax, \$2,092,424 in unrestricted state grants, \$60,904 in interest income and \$92,123 in other general revenue.

## Business-Type Activities

Revenues of the District's business-type activities were \$362,978 and expenses were \$385,752. The District's business-type activities include the School Nutrition Fund and Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## INDIVIDUAL FUND ANALYSIS

As previously noted, the Boyer Valley Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$737,508, above last year's ending fund balances of a \$721,757.

## Governmental Fund Highlights

- The District's increase in General Fund financial position to \$247,783 from \$184,188 is the product of many factors. Increases in local tax and state grants were not enough to offset the increase in operating costs during the year. This caused the General Fund balance to increase by \$63,595.
- The Capital Projects Fund balance decreased from \$316,901 in fiscal 2007 to \$195,080 in fiscal 2008. The District had more construction expenditures than they received in local and state sources resulting in a \$121,821 decrease.

## Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from \$81,361 at June 30, 2007 to \$68,230 at June 30, 2008, representing a decrease of 16.14%. The Day Care Fund net assets decreased from a deficit \$34,194 at June 30, 2007 to a deficit \$43,837 at June 30, 2008, representing an increase of 28.20%.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Boyer Valley Community School District amended its annual budget one time to reflect additional expenditures associated with the other expenditures.

The District's revenues were \$16,541 less than budgeted revenues, a variance of less than 1%. The most significant variance resulted from the District receiving more in intermediate sources than originally anticipated.

Initially, total expenditures were less than budgeted, primarily due to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, expenditures in the support services and non-instructional programs functions exceeded the amount budgeted.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2008, the District had invested \$7.2 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$253,206.

The original cost of the District's capital assets was \$9.6 million. Governmental funds account for \$9.4 million with the remainder of \$0.2 million in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled \$115,275 at June 30, 2008, compared to \$90,019 reported at June 30, 2007. This increase resulted from the completion of projects that were capitalized during the year.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Land	\$ 1,100	1,100	0	0	1,100	1,100	0.00%
Buildings	6,762,178	6,908,462	0	0	6,762,178	6,908,462	-2.12%
Land improvements	115,275	90,019	0	0	115,275	90,019	28.06%
Machinery and equipment	299,003	247,270	63,673	71,783	362,676	319,053	13.67%
Total	\$ 7,177,556	7,246,851	63,673	71,783	7,241,229	7,318,634	-1.06%

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## Long-Term Debt

At June 30, 2008, the District had \$4,760,806 in general and other long-term debt outstanding. This represents a decrease of 6.98% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

The District had total outstanding General Obligation Bonds payable of \$4,645,000 at June 30, 2008.

The District had total outstanding City Note payable from the Special Revenue, Physical Plant and Equipment Levy Fund of \$64,361 at June 30, 2008.

The District had total outstanding Bus Lease payable from the General Fund and Capital Projects Fund of \$8,225 at June 30, 2008.

The District had total outstanding Early Retirement payable from the Special Revenue - Management Funds of \$43,220 at June 30, 2008.

Figure A-7  
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2008	2007	2007-08
General Obligation Bonds	\$ 4,645,000	4,875,000	-4.72%
Capital Loan Notes	0	50,000	-100.00%
City Note	64,361	76,156	-15.49%
Bus Lease	8,225	58,035	-85.83%
Early Retirement	43,220	59,065	-26.83%
Totals	<u>\$ 4,760,806</u>	<u>5,118,256</u>	<u>-6.98%</u>

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sharon Lee, Board Secretary, Boyer Valley Community School District, 1102 Iowa Avenue, Dunlap, Iowa, 51529.

## BASIC FINANCIAL STATEMENTS

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments:			
ISCAP(Note 5)	\$ 1,045,907	0	1,045,907
Other	487,197	0	487,197
Receivables:			
Property tax:			
Delinquent	23,738	0	23,738
Succeeding year	1,874,930	0	1,874,930
Income surtax	195,679	0	195,679
Interfund	750	(750)	0
Accounts	3,772	3,911	7,683
Accrued ISCAP interest(Note 5)	5,001	0	5,001
Due from other governments	231,287	4,021	235,308
Inventories	0	8,629	8,629
Capital assets, net of accumulated depreciation(Note 6)	7,177,556	63,673	7,241,229
<b>TOTAL ASSETS</b>	<b>11,045,817</b>	<b>79,484</b>	<b>11,125,301</b>
<b>LIABILITIES</b>			
Excess of warrants issued over bank balance	0	51,611	51,611
Accounts payable	1,929	0	1,929
Accrued interest payable	36,691	0	36,691
ISCAP warrants payable(Note 5)	1,039,000	0	1,039,000
ISCAP interest payable(Note 5)	4,920	0	4,920
ISCAP amortized premium	14,091	0	14,091
Deferred revenue:			
Succeeding year property tax	1,874,930	0	1,874,930
Unearned revenue	0	3,480	3,480
Long-term liabilities(Note 7):			
Portion due within one year:			
General obligation bonds payable	240,000	0	240,000
City note payable	12,149	0	12,149
Bus lease payable	8,225	0	8,225
Early retirement payable	13,456	0	13,456
Portion due after one year:			
General obligation bonds payable	4,405,000	0	4,405,000
City note payable	52,212	0	52,212
Early retirement payable	29,764	0	29,764
<b>TOTAL LIABILITIES</b>	<b>7,732,367</b>	<b>55,091</b>	<b>7,787,458</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,459,970	63,673	2,523,643
Restricted for:			
Debt service	46,182	0	46,182
Talented and gifted	25,752	0	25,752
Statewide voluntary preschool	39,420	0	39,420
Market factor incentives	2,565	0	2,565
Capital projects	195,080	0	195,080
Physical plant and equipment levy	168,378	0	168,378
Other special revenue purposes	50,527	0	50,527
Unrestricted	325,576	(39,280)	286,296
<b>TOTAL NET ASSETS</b>	<b>\$ 3,313,450</b>	<b>24,393</b>	<b>3,337,843</b>

SEE NOTES TO FINANCIAL STATEMENTS.



BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business- Type Activities	
Functions/Programs						
Governmental activities:						
Instruction:						
Regular instruction	\$ 1,949,115	192,530	663,105	(1,093,480)	0	(1,093,480)
Special instruction	623,758	26,430	26,517	(570,811)	0	(570,811)
Other instruction	579,079	144,553	3,650	(430,876)	0	(430,876)
	<u>3,151,952</u>	<u>363,513</u>	<u>693,272</u>	<u>(2,095,167)</u>	<u>0</u>	<u>(2,095,167)</u>
Support services:						
Student services	99,592	0	0	(99,592)	0	(99,592)
Instructional staff services	104,293	0	0	(104,293)	0	(104,293)
Administration services	571,671	0	0	(571,671)	0	(571,671)
Operation and maintenance of plant services	424,202	0	0	(424,202)	0	(424,202)
Transportation services	330,905	0	2,902	(328,003)	0	(328,003)
	<u>1,530,663</u>	<u>0</u>	<u>2,902</u>	<u>(1,527,761)</u>	<u>0</u>	<u>(1,527,761)</u>
Non-instructional programs						
Food service operations	599	0	0	(599)	0	(599)
Community service operations	928	0	0	(928)	0	(928)
	<u>1,527</u>	<u>0</u>	<u>0</u>	<u>(1,527)</u>	<u>0</u>	<u>(1,527)</u>
Other expenditures:						
Facilities acquisitions	137,256	0	0	(137,256)	0	(137,256)
Long-term debt:						
Interest and fiscal charges	229,432	0	0	(229,432)	0	(229,432)
AEA flowthrough	163,378	0	163,378	0	0	0
Depreciation(unallocated)*	154,867	0	0	(154,867)	0	(154,867)
	<u>684,933</u>	<u>0</u>	<u>163,378</u>	<u>(521,555)</u>	<u>0</u>	<u>(521,555)</u>
Total governmental activities	5,369,075	363,513	859,552	(4,146,010)	0	(4,146,010)
Business-Type activities:						
Non-instructional programs:						
Nutrition services	238,137	110,404	114,510	0	(13,223)	(13,223)
Day care services	147,615	133,572	4,400	0	(9,643)	(9,643)
Total business-type activities	<u>385,752</u>	<u>243,976</u>	<u>118,910</u>	<u>0</u>	<u>(22,866)</u>	<u>(22,866)</u>
Total	<u>\$ 5,754,827</u>	<u>607,489</u>	<u>978,462</u>	<u>(4,146,010)</u>	<u>(22,866)</u>	<u>(4,168,876)</u>
General Revenues:						
Local tax for:						
General purposes				\$ 1,279,283	0	1,279,283
Capital outlay				103,371	0	103,371
Debt service				331,079	0	331,079
Income surtax				215,569	0	215,569
Local option sales and services tax				281,298	0	281,298
Unrestricted state grants				2,092,424	0	2,092,424
Unrestricted investment earnings				60,904	92	60,996
Other general revenue				92,123	0	92,123
Total general revenues				<u>4,456,051</u>	<u>92</u>	<u>4,456,143</u>
Changes in net assets				310,041	(22,774)	287,267
Net assets beginning of year				<u>3,003,409</u>	<u>47,167</u>	<u>3,050,576</u>
Net assets end of year				<u>\$ 3,313,450</u>	<u>24,393</u>	<u>3,337,843</u>

\* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
Cash and pooled investments:				
ISCAP (Note 5)	\$ 1,045,907	0	0	1,045,907
Other	125,030	75,467	286,496	486,993
Receivables:				
Property tax:				
Delinquent	16,034	0	7,704	23,738
Succeeding year	1,364,007	0	510,923	1,874,930
Income surtax	195,679	0	0	195,679
Interfund	750	0	0	750
Accounts	3,327	0	445	3,772
Accrued ISCAP interest (Note 5)	5,001	0	0	5,001
Due from other governments	111,674	119,613	0	231,287
<b>TOTAL ASSETS</b>	<b>\$ 2,867,409</b>	<b>195,080</b>	<b>805,568</b>	<b>3,868,057</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,929	0	0	1,929
ISCAP warrants payable (Note 5)	1,039,000	0	0	1,039,000
ISCAP interest payable (Note 5)	4,920	0	0	4,920
ISCAP amortized premium	14,091	0	0	14,091
Deferred revenue:				
Succeeding year property tax	1,364,007	0	510,923	1,874,930
Income surtax	195,679	0	0	195,679
Total liabilities	2,619,626	0	510,923	3,130,549
Fund balances:				
Reserved for:				
Debt service	0	0	46,182	46,182
Talented and gifted	25,752	0	0	25,752
Statewide voluntary preschool	39,420	0	0	39,420
Market factor incentives	2,565	0	0	2,565
Unreserved:				
Undesignated:				
General	180,046	0	0	180,046
Capital projects	0	195,080	0	195,080
Management levy	0	0	29,558	29,558
Physical plant and equipment levy	0	0	168,378	168,378
Other special revenue purposes	0	0	50,527	50,527
Total fund balances	247,783	195,080	294,645	737,508
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,867,409</b>	<b>195,080</b>	<b>805,568</b>	<b>3,868,057</b>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2008

Total fund balances of governmental funds (page 15) \$ 737,508

*Amounts reported for governmental activities in the  
 statement of net assets are different because:*

Capital assets used in governmental activities are not  
 financial resources and, therefore, are not reported as  
 assets in in the governmental funds. 7,177,556

Accounts receivable income surtax, are not yet available  
 to finance expenditures of the current period. 195,679

Blending of Internal service funds to be reflected on an  
 entity wide basis 204

Accrued interest payable on long-term liabilities is not due  
 and payable in the current period and, therefore, is not  
 reported as a liability in the governmental funds. (36,691)

Long-term liabilities, including general obligation bonds,  
 city note payable, bus lease payable and early retirement,  
 are not due and payable in the current period and, therefore,  
 are not reported as liabilities in the governmental funds. (4,760,806)

Net assets of governmental activites (page 13) \$ 3,313,450

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
<b>REVENUES:</b>				
Local sources:				
Local tax	\$ 1,371,770	281,298	554,423	2,207,491
Tuition	214,502	0	0	214,502
Other	166,938	6,011	151,515	324,464
Intermediate sources	11,000	0	0	11,000
State sources	2,657,357	0	445	2,657,802
Federal sources	258,058	0	0	258,058
Total revenues	4,679,625	287,309	706,383	5,673,317
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular instruction	1,929,968	0	38,672	1,968,640
Special instruction	615,841	0	0	615,841
Other instruction	439,760	0	149,737	589,497
	2,985,569	0	188,409	3,173,978
Support services:				
Student services	99,592	0	0	99,592
Instructional staff services	104,293	0	0	104,293
Administration services	577,227	0	535	577,762
Operation and maintenance of plant services	409,773	0	17,271	427,044
Transportation services	256,291	75,989	35,788	368,068
	1,447,176	75,989	53,594	1,576,759
Non-instructional programs:				
Food service operations	0	0	599	599
Community service operations	928	0	0	928
	928	0	599	1,527
Other expenditures:				
Facilities acquisitions	0	169,213	1,882	171,095
Long-term debt:				
Principal	0	0	341,605	341,605
Interest and fiscal charges	0	0	232,309	232,309
AEA flowthrough	163,378	0	0	163,378
	163,378	169,213	575,796	908,387
Total expenditures	4,597,051	245,202	818,398	5,660,651
Excess(deficiency) of revenues over(under) expenditures	82,574	42,107	(112,015)	12,666
Other financing sources(uses):				
Sale of fixed assets	126	0	0	126
Compensation for loss of fixed assets	0	0	2,959	2,959
Transfer in	0	0	243,036	243,036
Transfer out	(19,105)	(163,928)	(60,003)	(243,036)
Total other financing sources(uses)	(18,979)	(163,928)	185,992	3,085
Net change in fund balances	63,595	(121,821)	73,977	15,751
Fund balance beginning of year	184,188	316,901	220,668	721,757
Fund balance end of year	\$ 247,783	195,080	294,645	737,508

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 JUNE 30, 2008

Net change in fund balances - total governmental funds (page 17) \$ 15,751

*Amounts reported for governmental activities in the  
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures, depreciation expense and loss on disposal of capital assets in the current year are as follows:

Expenditures for capital assets	\$ 175,496	
Depreciation expense	(244,396)	
Loss on disposal of capital assets	(395)	(69,295)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows:

Repaid	341,605
--------	---------

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

2,877

Net change in Internal service funds changed back against expendable made for self funded insurance at an entity wide basis.

149

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds.

3,109

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement

15,845

Changes in net assets of governmental activities (page 14)

\$ 310,041

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities:
	School Nutrition	Day Care	Total	Internal Service
<b>ASSETS</b>				
Current assets:				
Cash and pooled investments	\$ 128	0	128	204
Accounts receivable	30	3,881	3,911	0
Due from other governments	0	4,021	4,021	0
Inventories	8,629	0	8,629	0
Non-current assets:				
Capital assets, net of accumulated depreciation (Note 5)	63,673	0	63,673	0
<b>TOTAL ASSETS</b>	<b>72,460</b>	<b>7,902</b>	<b>80,362</b>	<b>204</b>
<b>LIABILITIES</b>				
Excess of warrants issued over bank balance	0	51,739	51,739	0
Interfund payable	750	0	750	0
Unearned revenue	3,480	0	3,480	0
<b>TOTAL LIABILITIES</b>	<b>4,230</b>	<b>51,739</b>	<b>55,969</b>	<b>0</b>
<b>NET ASSETS</b>				
Invested in capital assets	63,673	0	63,673	0
Unrestricted	4,557	(43,837)	(39,280)	204
<b>TOTAL NET ASSETS</b>	<b>\$ 68,230</b>	<b>(43,837)</b>	<b>24,393</b>	<b>204</b>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities: Internal Service
	School Nutrition	Day Care	Total	
OPERATING REVENUE:				
Local sources:				
Charges for service	\$ 110,404	133,572	243,976	20,942
OPERATING EXPENSES:				
Non-instructional programs:				
Salaries	108,789	120,197	228,986	0
Benefits	17,420	16,175	33,595	20,793
Services	3,271	473	3,744	0
Supplies	99,550	10,722	110,272	0
Depreciation	8,810	0	8,810	0
Other	297	48	345	0
TOTAL OPERATING EXPENSES	238,137	147,615	385,752	20,793
OPERATING INCOME (LOSS)	(127,733)	(14,043)	(141,776)	149
NON-OPERATING REVENUES:				
State sources	3,214	4,400	7,614	0
Federal sources	111,296	0	111,296	0
Interest income	92	0	92	0
TOTAL NON-OPERATING REVENUES	114,602	4,400	119,002	0
Changes in net assets	(13,131)	(9,643)	(22,774)	149
Net assets beginning of year	81,361	(34,194)	47,167	55
Net assets end of year	\$ 68,230	(43,837)	24,393	204

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities:
	School Nutrition	Day Care	Total	Internal Service
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 108,557	0	108,557	0
Cash received from miscellaneous operating activities	2,149	135,460	137,609	20,942
Cash payments to employees for services	(126,209)	(136,372)	(262,581)	(20,940)
Cash payments to suppliers for goods or services	(85,718)	(11,629)	(97,347)	0
Net cash provided by(used in) operating activities	(101,221)	(12,541)	(113,762)	2
Cash flows from non-capital financing activities:				
State grants received	3,214	8,379	11,593	0
Federal grants received	94,698	0	94,698	0
Net cash provided by non-capital financing activities	97,912	8,379	106,291	0
Cash flows from capital financing activities:				
Acquisitions of assets	(700)	0	(700)	0
Cash flows from investing activities:				
Interest on investment	92	0	92	0
Net increase(decrease) in cash and cash equivalents	(3,917)	(4,162)	(8,079)	2
Cash and cash equivalents at beginning of year	4,045	(47,577)	(43,532)	202
Cash and cash equivalents at end of year	\$ 128	(51,739)	(51,611)	204
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (127,733)	(14,043)	(141,776)	149
Adjustments to reconcile operating loss to net cash provided by(used in) operating activities:				
Commodities consumed	16,598	0	16,598	0
Depreciation	8,810	0	8,810	0
Decrease in inventories	1,166	0	1,166	0
Increase(Decrease) in accounts receivable	(30)	1,888	1,858	0
Decrease in accounts payable	(364)	(386)	(750)	(147)
Increase in unearned revenue	332	0	332	0
Net cash provided by(used in) operating activities	\$ (101,221)	(12,541)	(113,762)	2
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:				
Current assets:				
Cash and investments	\$ 128	(51,739)	(51,611)	204

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2008, the District received  
Federal commodities valued at \$16,598.

SEE NOTES TO FINANCIAL STATEMENTS.



BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2008

	Private Purpose Trust	
	Scholarship Fund	Agency Fund
ASSETS		
Cash and pooled investments	\$ 16,021	3,992
Accounts receivable	0	9
Total assets	<u>16,021</u>	<u>4,001</u>
LIABILITIES		
Due to other groups	0	4,001
NET ASSETS		
Unreserved	2,547	0
Reserved for scholarships	13,474	0
TOTAL NET ASSETS	<u>\$ 16,021</u>	<u>0</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2008

	Private Purpose Trust
	Scholarship Fund
ADDITIONS:	
Local sources:	
Gifts and contributions	\$ 1,450
Interest income	527
Total additions	<u>1,977</u>
DEDUCTIONS:	
Regular instruction:	
Scholarships awarded	<u>2,360</u>
Change in net assets	(383)
Net assets beginning of year	<u>16,404</u>
Net assets end of year	<u><u>\$ 16,021</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**(1) Summary of Significant Accounting Policies**

The Boyer Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Dunlap, Dow City and Arion, Iowa, and the predominate agricultural territory in Harrison, Crawford, Shelby and Monona Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Boyer Valley Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Boyer Valley Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Harrison, Crawford, Shelby and Monona Counties Assessors' Conference Board.

**B. Basis of Presentation**

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net asset* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities within the governmental activities.

The District reports the following proprietary funds:

The District's proprietary funds are the Enterprise Fund, School Nutrition Fund, the Enterprise Fund, Day Care Fund and the Internal Service Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Day Care Fund is used to account for the day care service operations of the District. The Internal Service Fund is used to account for flex benefits of employees.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary fund includes the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of result of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year.

Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Land improvements	1,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-12 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been

recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures in the support services and non-instructional functions exceeded the amounts budgeted.

### (2) **Cash and Pooled Investments**

The District's deposits at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of drainage district.

The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. The certificates of deposit are classified as Category 1, which means



the investments are insured and held by the District in the District's name. Certificates are stated at fair value.

At June 30, 2008, the District had investments in Certificates of Deposit maturing over a year as follows:

	Fair Value
Certificates of Deposit	\$ 10,000

**(3) Transfers**

The detail of transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Physical Plant and Equipment Levy	\$ 60,003
Debt Service	General Fund	19,105
Debt Service	Capital Projects	163,928
Total		\$ 243,036

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**(4) Interfund Receivables and Payables**

The detail of interfund receivables and payables at June 30, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
General	Enterprise, School Nutrition	\$ 750

**(5) Iowa School Cash Anticipation Program (ISCAP)**

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2008 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2007-08B	1/23/08	1/23/09	\$ 317,014	4,725	316,000	4,707
2008-09A	6/26/08	6/25/09	728,893	276	723,000	213
Total			<u>\$ 1,045,907</u>	<u>5,001</u>	<u>1,039,000</u>	<u>4,920</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts, and must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2008 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2007-08A	\$ 0	300,000	300,000	0
2007-08B	0	100,000	100,000	0
Total	<u>\$ 0</u>	<u>400,000</u>	<u>400,000</u>	<u>0</u>

The warrants bear an interest rate and the available proceeds of the warrants are invested at an interest rate as shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2007-08A	4.500%	5.455%
2007-08B	3.750%	3.451%
2008-09A	3.500%	3.469%

#### (6) Capital Assets

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 159,748	700	0	160,448
Less accumulated depreciation	87,965	8,810	0	96,775
Business-type activities capital assets, net	<u>\$ 71,783</u>	<u>(8,110)</u>	<u>0</u>	<u>63,673</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,100	0	0	1,100
Total capital assets not being depreciated	1,100	0	0	1,100
Capital assets being depreciated:				
Buildings	7,866,760	0	0	7,866,760
Land improvements	418,172	33,839	0	452,011
Machinery and equipment	1,056,666	141,657	44,914	1,153,409
Total capital assets being depreciated	9,341,598	175,496	44,914	9,472,180
Less accumulated depreciation for:				
Buildings	958,298	146,284	0	1,104,582
Land improvements	328,153	8,583	0	336,736
Machinery and equipment	809,396	89,529	44,519	854,406
Total accumulated depreciation	2,095,847	244,396	44,519	2,295,724
Total capital assets being depreciated, net	7,245,751	(68,900)	395	7,176,456
Governmental activities capital assets, net	\$ 7,246,851	(68,900)	395	7,177,556

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 22,321
Special	7,917
Other	601
Support services:	
Administration	2,968
Operation and maintenance of plant	1,396
Transportation	54,326
	<u>89,529</u>
Unallocated depreciation	154,867
Total governmental activities depreciation expense	<u>\$ 244,396</u>
Business-type activities:	
Food services	<u>\$ 8,810</u>

## (7) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 4,875,000	0	230,000	4,645,000	240,000
Capital Loan Note	50,000	0	50,000	0	0
City Note	76,156	0	11,795	64,361	12,149
Bus Lease	58,035	0	49,810	8,225	8,225
Early Retirement	59,065	0	15,845	43,220	13,456
Total	<u>\$ 5,118,256</u>	<u>0</u>	<u>357,450</u>	<u>4,760,806</u>	<u>273,830</u>

### General Obligation Bonds Payable

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issue of July 1, 2002				
	Interest Rates	Principal	Interest	Total	
2009	4.20 % \$	240,000	215,828	455,828	
2010	5.00	250,000	205,143	455,143	
2011	5.00	265,000	192,518	457,518	
2012	5.00	275,000	179,143	454,143	
2013	4.25-4.35	290,000	165,687	455,687	
2014-2018	4.25-4.65	1,660,000	621,842	2,281,842	
2019-2022	4.65-4.95	1,665,000	188,364	1,853,364	
Total		\$ 4,645,000	1,768,525	6,413,525	

### City Note Payable

During the year ended June 30, 2003 the District entered into an agreement with the City of Dunlap for utility relocation. Details of the District's June 30, 2008 city note indebtedness are as follows:

Year Ending June 30,	Note of June 16, 2003				
	Interest Rates	Principal	Interest	Total	
2009	3.00 % \$	12,149	1,931	14,080	
2010	3.00	12,514	1,566	14,080	
2011	3.00	12,889	1,191	14,080	
2012	3.00	13,276	804	14,080	
2013	3.00	13,533	547	14,080	
Total		\$ 64,361	6,039	70,400	

### Bus Lease Payable

Details of the District's June 30, 2008 bus lease indebtedness are as follows:

Year Ending June 30,	Lease of November 19, 2003				
	Interest Rates	Principal	Interest	Total	
2009	3.97 % \$	8,225	326	8,551	

### Early Retirement

The District did offer a voluntary early retirement plan to its full-time employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is continued health insurance coverage paid by the District equal to the insurance rate at the time of the employee's retirement for a maximum of seven years. Early retirement benefits paid during the year ended June 30, 2008, totaled \$15,845. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

**(8) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007 and 2006. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$181,991, \$162,219 and \$150,395 respectively, equal to the required contributions for each year.

**(9) Risk Management**

The Boyer Valley Community School District is a member in the Iowa School Employees Benefits Association, fully insured pool covered by Wellmark Blue Cross Blue Shield of Iowa. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides the District dental insurance coverage and protection.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2008 was \$23,130.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw.

Boyer Valley Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$163,378 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Deficit Fund Balance/Net Assets**

The Enterprise - Day Care Fund had deficit net assets of \$43,837 at June 30, 2008.

**(12) Budget Overexpenditure**

Per the Code of Iowa, disbursements may not legally exceed the certified budget amounts. During the year ended June 30, 2008 disbursements in the support services and non-instructional functions exceeded the amounts budgeted.

REQUIRED SUPPLEMENTARY INFORMATION

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND  
CHANGES IN BALANCES -  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2008

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 2,746,457	244,068	2,990,525	2,898,854	2,898,854	91,671
Intermediate sources	11,000	0	11,000	8,400	8,400	2,600
State sources	2,657,802	7,614	2,665,416	2,737,582	2,737,582	(72,166)
Federal sources	258,058	111,296	369,354	408,000	408,000	(38,646)
Total revenues	5,673,317	362,978	6,036,295	6,052,836	6,052,836	(16,541)
Expenditures:						
Instruction	3,173,978	0	3,173,978	3,562,643	3,562,643	388,665
Support services	1,576,759	0	1,576,759	1,539,500	1,539,500	(37,259)
Non-instructional programs	1,527	385,752	387,279	362,987	362,987	(24,292)
Other expenditures	908,387	0	908,387	1,083,090	1,083,090	174,703
Total expenditures	5,660,651	385,752	6,046,403	6,548,220	6,548,220	501,817
Excess(Deficiency) of revenues over(under) expenditures	12,666	(22,774)	(10,108)	(495,384)	(495,384)	485,276
Other financing sources, net	3,085	0	3,085	0	0	3,085
Excess(Deficiency) of revenues and other financing sources over(under) expenditures	15,751	(22,774)	(7,023)	(495,384)	(495,384)	488,361
Balance beginning of year	721,757	47,167	768,924	632,937	632,937	135,987
Balance end of year	\$ 737,508	24,393	761,901	137,553	137,553	624,348

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2008, expenditures in the support services and non-instructional functions exceeded the amounts budgeted.

OTHER SUPPLEMENTARY INFORMATION

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008

	Nonmajor Special Revenue Funds					Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
ASSETS						
Cash and pooled investments	\$ 27,899	50,082	166,948	244,929	41,567	286,496
Receivables:						
Property tax:						
Delinquent	1,659	0	1,430	3,089	4,615	7,704
Succeeding year property tax	140,000	0	114,395	254,395	256,528	510,923
Accounts	0	445	0	445	0	445
TOTAL ASSETS	\$ 169,558	50,527	282,773	502,858	302,710	805,568
LIABILITIES AND FUND BALANCES						
Liabilities:						
Deferred revenue:						
Succeeding year property tax	\$ 140,000	0	114,395	254,395	256,528	510,923
Total liabilities	140,000	0	114,395	254,395	256,528	510,923
Reserved for debt service	0	0	0	0	46,182	46,182
Unreserved fund balances	29,558	50,527	168,378	248,463	0	248,463
	29,558	50,527	168,378	248,463	46,182	294,645
TOTAL LIABILITIES AND FUND BALANCES	\$ 169,558	50,527	282,773	502,858	302,710	805,568

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2008

	Nonmajor Special Revenue Funds					Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
REVENUES:						
Local sources:						
Local tax	\$ 119,973	0	103,371	223,344	331,079	554,423
Other	0	148,233	2,706	150,939	576	151,515
State sources	96	0	83	179	266	445
TOTAL REVENUES	120,069	148,233	106,160	374,462	331,921	706,383
EXPENDITURES:						
Current:						
Instruction:						
Regular instruction	38,672	0	0	38,672	0	38,672
Other instruction	0	149,737	0	149,737	0	149,737
Support services:						
Administration services	535	0	0	535	0	535
Operation and maintenance of plant services	10,045	0	7,226	17,271	0	17,271
Transportation services	35,788	0	0	35,788	0	35,788
Non-instructional:						
Food service operations	599	0	0	599	0	599
Other expenditures:						
Facilities acquisition	0	0	1,882	1,882	0	1,882
Long-term debt:						
Principal	0	0	0	0	341,605	341,605
Interest and fiscal charges	0	0	0	0	232,309	232,309
TOTAL EXPENDITURES	85,639	149,737	9,108	244,484	573,914	818,398
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	34,430	(1,504)	97,052	129,978	(241,993)	(112,015)
OTHER FINANCING SOURCES(USES):						
Compensation for loss of fixed assets	0	0	2,959	2,959	0	2,959
Transfer in	0	0	0	0	243,036	243,036
Transfer out	0	0	(60,003)	(60,003)	0	(60,003)
TOTAL OTHER FINANCING SOURCES(USES)	0	0	(57,044)	(57,044)	243,036	185,992
Net change in fund balances	34,430	(1,504)	40,008	72,934	1,043	73,977
Fund balances beginning of year	(4,872)	52,031	128,370	175,529	45,139	220,668
Fund balances end of year	\$ 29,558	50,527	168,378	248,463	46,182	294,645

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Annual	\$ (9,410)	4,562	7,153	(12,001)
AP Testing	49	218	218	49
Drama	1,603	2,247	744	3,106
Speech	(23)	0	0	(23)
Cheerleaders	1,872	5,016	5,420	1,468
Vocal Music	5,175	12,018	11,318	5,875
Instrumental Music	11,475	1,010	1,093	11,392
Science Club	258	787	730	315
Entrepreneurship	298	6,253	4,188	2,363
FFA	901	1,865	2,254	512
FCCLA	435	2,216	1,767	884
FTA	57	0	0	57
Foreign Language	419	443	443	419
Library Club	15	0	0	15
National Honor Society	2,275	59	205	2,129
HS Student Council	4,374	9,057	9,561	3,870
Industrial Arts Club	21	0	0	21
Class of 2011	0	265	88	177
Class of 2010	0	100	21	79
Class of 2009	(99)	25,150	20,327	4,724
Class of 2008	5,807	1,231	3,179	3,859
Class of 2007	2,506	0	333	2,173
Drill Team	9,813	5,745	7,162	8,396
General Athletics	230	43,459	43,241	448
Resale Account	0	6,177	6,128	49
Booster Club	0	11,138	11,138	0
Baseball	455	0	455	0
Elem Student Council	4,146	3,779	4,495	3,430
Memorial	1,819	0	0	1,819
Elem Music	1,154	586	1,001	739
MS Student Council	3,563	1,173	2,666	2,070
Community Bank Grant	2,843	3,679	4,409	2,113
Total	\$ 52,031	148,233	149,737	50,527

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS  
 JUNE 30, 2008

	Private Purpose Trust - Scholarship Fund			
	Rife	Egan	Sullivan	
	Scholarship	Scholarship	Scholarship	Total
ASSETS				
Cash and pooled investments	\$ 10,742	1,305	3,974	16,021
LIABILITIES				
	0	0	0	0
NET ASSETS				
Reserved for scholarships	10,000	0	3,474	13,474
Unreserved	742	1,305	500	2,547
TOTAL NET ASSETS	\$ 10,742	1,305	3,974	16,021

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS  
 YEAR ENDED JUNE 30, 2008

	Private Purpose Trust - Scholarship Fund				
	Rife Scholarship	Egan Scholarship	Sullivan Scholarship	Randall Scholarship	Total
ADDITIONS:					
Local sources:					
Gifts and contributions	\$ 0	0	0	1,450	1,450
Interest income	361	0	166	0	527
	361	0	166	1,450	1,977
DEDUCTIONS:					
Instruction:					
Regular instruction:					
Scholarships awarded	360	0	500	1,500	2,360
Changes in net assets	1	0	(334)	(50)	(383)
Net assets beginning of year	10,741	1,305	4,308	50	16,404
Net assets end of year	\$ 10,742	1,305	3,974	0	16,021

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
 AGENCY FUND  
 YEAR ENDED JUNE 30, 2008

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 3,831	11,277	11,116	3,992
Accounts receivable	170	9	170	9
	<u>\$ 4,001</u>	<u>11,286</u>	<u>11,286</u>	<u>4,001</u>
LIABILITIES				
Due to other groups	\$ 4,001	11,286	11,286	4,001

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE LAST FIVE YEARS

	Modified Accrual Basis				
	Years Ended June 30,				
	2008	2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax	\$ 2,207,491	2,230,432	2,128,486	2,205,739	1,947,919
Tuition	214,502	239,341	225,347	224,800	411,056
Other	324,464	309,566	355,841	363,508	643,508
Intermediate sources	11,000	8,000	8,000	8,000	2,338
State sources	2,657,802	2,433,158	2,394,928	2,221,872	2,120,111
Federal sources	258,058	282,310	275,257	1,085,779	767,911
Total	\$ 5,673,317	5,502,807	5,387,859	6,109,698	5,892,843
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ 1,968,640	1,870,059	1,745,066	1,747,922	1,787,725
Special instruction	615,841	595,517	545,603	775,501	842,670
Other instruction	589,497	589,443	589,687	483,699	475,387
Support services:					
Student services	99,592	87,759	92,128	76,517	110,353
Instructional staff services	104,293	98,097	115,735	96,627	122,846
Administration services	577,762	549,210	569,883	735,123	535,953
Operation and maintenance of plant services	427,044	429,042	371,307	394,502	527,039
Transportation services	368,068	348,439	327,834	456,069	620,940
Other support services	0	0	0	4,927	0
Non-instructional programs	1,527	1,599	1,637	2,270	1,437
Other expenditures:					
Facilities acquisitions	171,095	323,298	142,785	1,106,289	4,877,188
Long-term debt:					
Principal	341,605	329,003	273,436	267,832	223,180
Interest and fiscal charges	232,309	245,081	251,568	259,056	260,177
AEA flow-through	163,378	157,767	151,965	151,018	153,254
Total	\$ 5,660,651	5,624,314	5,178,634	6,557,352	10,538,149

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Education of the  
Boyer Valley Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Boyer Valley Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 12, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Boyer Valley Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Boyer Valley Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Boyer Valley Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Boyer Valley Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Boyer Valley Community School District's financial statements that is more than inconsequential will not be prevented or detected by Boyer Valley Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Boyer Valley Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-08 is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boyer Valley Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Boyer Valley Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Boyer Valley Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Boyer Valley Community School District and other parties to whom Boyer Valley Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Boyer Valley Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
NOLTE, CORNMAN & JOHNSON, P.C.

February 12, 2009

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2008

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over data processing in general, receipt posting, investing, disbursement journalizing, payroll preparation and bank reconciling.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to monitor controls and implement procedures when feasible.

Conclusion - Response accepted.

I-B-08 Gate Admissions - We noted during the audit that the District was not using pre-numbered tickets for all events that the District charges admissions for.

Recommendation - The District should review procedures and communicate to persons responsible for gate admissions that pre-numbered tickets are to be used at all times.

Response - We are now using pre-numbered tickets for all events that the District charges admissions for.

Conclusion - Response accepted.

I-C-08 Student Activity Fund - We noted during our audit that the District has a Class of 2007.

Recommendation - Upon graduation, the remaining balance in old class accounts should be redistributed to other individual activity fund accounts.

Response - In the future, accounts that belong to graduating classes will be closed out at the end of the fiscal year.

Conclusion - Response accepted.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2008

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-08 Certified Budget - District disbursements for the year ended June 30, 2008 exceeded the amounts budgeted in the support services and non-instructional program areas.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - We will amend the budget if necessary in the future.

Conclusion - Response accepted.

- II-B-08 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

- II-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- II-D-08 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Ken Dunham, Board Member Owner of Dunham Hardwoods	Supplies	\$420
Pat Putnam, Board Member Owner of Putnam Auto	Repairs	\$236

In accordance with Chapter 279.7A of the code of Iowa, the above transactions with the board members do not appear to represent a conflict of interest.

- II-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- II-F-08 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

- II-G-08 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of students that were reported on Line 1 was overstated by 0.2 students.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - We will contact the Iowa Department of Education and the Department of Management.

Conclusion - Response accepted.

II-H-08 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

II-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

II-J-08 Financial Condition - The District also had deficit net assets of \$43,837 in the Enterprise - Day Care Fund. We also noted during our audit deficit account balances in the Special Revenue, Student Activity Fund.

Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate the deficits.

Response - We will continue to monitor these funds and investigate alternatives to eliminate the deficits.

Conclusion - Response accepted.